

Central Intelligence Agency



Washington, D.C. 20505

OCA FILE SSCI

1 March 1988
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Mr. Charles Battaglia
Select Committee on Intelligence
United States Senate
Washington, D.C. 20510

Dear Mr. Battaglia:

Enclosed are copies of the Director's opening statement for the 1 March 1988 hearing on establishing a CIA statutory Inspector General. We have enclosed four copies for the majority and four copies for the minority.

Sincerely,

[Redacted Signature]

Legislation Division
Office of Congressional Affairs

Enclosures

OCA/LEG/ [Redacted] (1 March 1988)

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STATEMENT OF THE
DIRECTOR OF CENTRAL INTELLIGENCE
BEFORE THE SELECT COMMITTEE ON INTELLIGENCE
UNITED STATES SENATE

1 MARCH 1988

MR. CHAIRMAN AND MEMBERS OF THE SELECT COMMITTEE ON INTELLIGENCE, I AM PLEASED TO BE HERE TODAY TO DISCUSS MY VIEWS ON SECTION FOUR OF S. 1818, THE NATIONAL SECURITY REFORM ACT OF 1987, WHICH PERTAINS TO THE ESTABLISHMENT OF A STATUTORY INSPECTOR GENERAL AT THE CENTRAL INTELLIGENCE AGENCY.

THE PURPOSE OF THE PROPOSAL, AS I UNDERSTAND IT, IS TO STRENGTHEN THE INDEPENDENCE AND OBJECTIVITY OF THE INSPECTOR GENERAL. AS SENATOR SPECTER DESCRIBED IT, IT IS "TO HELP ASSURE LAWFUL INTERNAL COMPLIANCE ON MATTERS WHICH DO NOT COME WITHIN THE PURVIEW OF CONGRESSIONAL OVERSIGHT." IT WOULD ADD THE CIA TO THE LIST OF FEDERAL AGENCIES WHICH CURRENTLY HAVE STATUTORY INSPECTORS GENERAL.

BEFORE I PROVIDE YOU WITH MY THOUGHTS ON SENATOR SPECTER'S MEASURE, I WOULD FIRST LIKE TO EXPLAIN BRIEFLY WHAT THE CIA INSPECTOR GENERAL CURRENTLY DOES AND HOW THE OFFICE OF INSPECTOR GENERAL IS NOW ORGANIZED.

THE CIA ALREADY HAS AN INSPECTOR GENERAL WHO IS A SENIOR OFFICER REPORTING DIRECTLY TO THE DCI AND DDCI AND WHO IS SUBORDINATE ONLY TO THE DCI AND DDCI. IN THE CONDUCT OF HIS DUTIES, THE INSPECTOR GENERAL HAS UNLIMITED AND AUTOMATIC ACCESS TO ALL AGENCY RECORDS.

THE INSPECTOR GENERAL CURRENTLY DIRECTS AND COORDINATES THE ACTIVITIES OF THREE GROUPS: THE INSPECTION STAFF, THE INVESTIGATION STAFF AND THE AUDIT STAFF. THESE THREE GROUPS CONDUCT SPECIAL INVESTIGATIONS WHEN NEEDED, ROUTINE INSPECTIONS AND AUDITS. ALL ELEMENTS OF THE AGENCY, BOTH AT HEADQUARTERS AND IN THE FIELD, ARE SUBJECT TO EXAMINATION. ONLY THE DCI HAS THE AUTHORITY TO EXEMPT A COMPONENT OR PROGRAM FROM AN INSPECTION OR AN AUDIT. TO THE BEST OF MY KNOWLEDGE, NO DCI HAS EVER EXERCISED THIS POWER.

BEFORE I EXPLAIN THE WORKINGS OF THE THREE GROUPS UNDER THE DIRECTION OF THE INSPECTOR GENERAL, LET ME EMPHASIZE THAT, IN ADDITION TO HIS NORMAL INSPECTION, INVESTIGATION AND AUDIT ACTIVITIES, THE INSPECTOR GENERAL NOW HAS MUCH BROADER POLICY AND MANAGEMENT FUNCTIONS WITHIN CIA. AS PART OF THE NEW RESPONSIBILITIES I HAVE ASSIGNED TO THAT OFFICE, HE WILL BE DIRECTLY INVOLVED IN IMPROVING OVERALL AGENCY MANAGEMENT, ENSURING ACCOUNTABILITY AND DISCIPLINE, AND ENCOURAGING THE RAISING OF STANDARDS AND QUALITY OF PERFORMANCE THROUGHOUT THE AGENCY.

I SEE THE OFFICE OF INSPECTOR GENERAL AS PERFORMING ANOTHER NEW AND PERHAPS EVEN MORE CRITICAL INSTITUTIONAL ROLE, AND THAT IS DEVELOPING OUR TOP MANAGERS AND LEADERS OF TOMORROW. HENCEFORTH AN ASSIGNMENT TO THE OFFICE OF INSPECTOR GENERAL WILL BE A NECESSARY AND MEANINGFUL COMPONENT IN THE CAREER DEVELOPMENT OF OUR BRIGHTEST AND MOST PROMISING OFFICERS. I AM PERSONALLY COMMITTED TO THE GOAL OF IDENTIFYING AND BRINGING OUR BEST PEOPLE TO THE OFFICE, AND I AM PLEASED TO SAY THAT WE ARE ALREADY WELL ON THE WAY TOWARDS FULFILLING THAT GOAL.

THE INSPECTION STAFF, THE FIRST OF THE THREE GROUPS UNDER THE SUPERVISION OF THE INSPECTOR GENERAL, CONDUCTS PERIODIC INSPECTIONS OF ALL AGENCY COMPONENTS TO ENSURE COMPLIANCE WITH LAWS AND REGULATIONS. IT ALSO ADDRESSES PROBLEMS BROUGHT TO ITS ATTENTION AND EVALUATES MANAGEMENT EFFECTIVENESS. IN COMPLIANCE WITH EXECUTIVE ORDERS 12333 AND 12334, THE INSPECTOR GENERAL AND, FOR THAT MATTER, THE GENERAL COUNSEL WILL REPORT, TO THE EXTENT PERMITTED BY LAW, TO THE PRESIDENT'S INTELLIGENCE OVERSIGHT BOARD ANY INTELLIGENCE ACTIVITIES WHICH HE HAS REASON TO BELIEVE MAY BE UNLAWFUL OR CONTRARY TO EXECUTIVE ORDER OR PRESIDENTIAL DIRECTIVE. LIKEWISE, THE INTELLIGENCE OVERSIGHT ACT, § 501 OF THE NATIONAL SECURITY ACT OF 1947, REQUIRES THE AGENCY TO REPORT TO THE INTELLIGENCE COMMITTEES ANY ILLEGAL INTELLIGENCE ACTIVITY, ALONG WITH ANY CORRECTIVE MEASURES TAKEN OR PLANNED TO BE TAKEN.

THE INVESTIGATION STAFF, THE SECOND OF THE THREE GROUPS, HANDLES COMPLAINTS ABOUT EMPLOYEE CONDUCT AND REPORTS OF POSSIBLE VIOLATIONS OF LAW, REGULATIONS OR PROCEDURES, AND ALSO INVESTIGATES EMPLOYEE GRIEVANCES AND DISCRIMINATION COMPLAINTS. IN THE PAST FOUR YEARS, THIS STAFF HAS HANDLED AN AVERAGE OF TWO DOZEN INVESTIGATIONS THAT HAVE CULMINATED IN FORMAL REPORTS, AND AN ADDITIONAL 75 INFORMAL INQUIRIES AND GRIEVANCE REFERRALS OR CONSULTATIONS PER YEAR THAT DO NOT RESULT IN FORMAL REPORTS.

THE AUDIT STAFF PERFORMS INDEPENDENT AUDITS OF ALL MATTERS RELATED TO THE RECEIPT, DISBURSEMENT AND APPLICATION OF FUNDS AND ASSETS AVAILABLE TO THE AGENCY IN ACCORDANCE WITH AUDIT STANDARDS WHICH THE COMPTROLLER GENERAL HAS ESTABLISHED. THE CHIEF OF THE AUDIT STAFF REPORTS THE AUDITORS' OBSERVATIONS AND RECOMMENDATIONS TO THE DEPUTY DIRECTOR OF THE OFFICE CONCERNED AND TO OTHER OFFICIALS AS APPROPRIATE. THE DEPUTY DIRECTOR MUST REPLY TO AUDIT RECOMMENDATIONS WITHIN 60 DAYS. IF RECOMMENDATIONS CANNOT BE RESOLVED SATISFACTORILY AT OPERATING LEVELS, THEY MAY BE REFERRED TO ME THROUGH THE INSPECTOR GENERAL FOR RESOLUTION.

AS I SAID EARLIER, THERE ARE NO LIMITATIONS ON THE SCOPE OF AUDITS AND INVESTIGATIONS. THE INVESTIGATORS, INSPECTORS AND AUDITORS HAVE COMPLETE ACCESS TO ANY INFORMATION WITHIN CIA AND THE DCI'S STAFF ELEMENTS, BOTH AT HEADQUARTERS AND IN THE FIELD. AUDITORS, INVESTIGATORS AND INSPECTORS, AS WELL AS THEIR SUPERVISORS, ARE GRANTED SPECIAL CLEARANCES WHEN NEEDED TO REVIEW EXTREMELY SENSITIVE COMPARTMENTED ACTIVITIES.

DESPITE THE MANY STRENGTHS OF THE INVESTIGATION PROCESS, I DISCOVERED THAT SOME AREAS OF THE OFFICE OF INSPECTOR GENERAL NEEDED TO BE IMPROVED IN THE WAKE OF THE IRAN-CONTRA AFFAIR. AS YOU KNOW, I BROUGHT IN A SPECIAL COUNSEL, RUSSELL BRUEMMER, TO REVIEW THE AGENCY'S PERFORMANCE IN THE AFFAIR. IN HIS REPORT, MR. BRUEMMER, WHO NOW SERVES AS THE CIA'S GENERAL COUNSEL, PINPOINTED THE FOLLOWING PROBLEMS IN THE OFFICE OF INSPECTOR GENERAL:

-- THE NUMBER OF INVESTIGATORS ASSIGNED TO THE INVESTIGATION STAFF WERE NOT ENOUGH TO DEAL WITH THE DEMANDS OF A MAJOR INVESTIGATION;

-- THE INVESTIGATORS DO NOT RECEIVE FORMALIZED TRAINING IN INVESTIGATIVE TECHNIQUES WHEN THEY ROTATE INTO THIS ASSIGNMENT; AND

-- THE INVESTIGATORS DO NOT RECORD THEIR RECOLLECTIONS AS VERBATIM TRANSCRIPTS, SIGNED STATEMENTS OR FORMAL MEMORANDA FOR THE RECORD.

THE REPORT OF THE IRAN-CONTRA COMMITTEES HAD EARLIER REFLECTED THESE CONCERNS MORE GENERALLY BY STATING THAT THE OFFICE LACKED THE MANPOWER, RESOURCES AND TENACITY TO UNCOVER KEY FACTS LEARNED IN OTHER INVESTIGATIONS OF THAT MATTER.

AT THE SAME TIME, IT IS IMPORTANT TO KEEP IN MIND THAT THE SPECIAL COUNSEL NOTED IMPORTANT STRENGTHS WITHIN THAT OFFICE. FOR INSTANCE, HE DETERMINED, IN SPITE OF THE PROBLEMS I JUST DESCRIBED, THAT THE INSPECTOR GENERAL'S STAFF PERFORMED WELL IN DETERMINING THE AGENCY'S ROLE IN THE IRAN ARMS SALES. IN A MATTER OF SIX WEEKS AFTER THE ATTORNEY GENERAL'S ANNOUNCEMENT OF THE SALES, THE INVESTIGATION TEAM PRODUCED A 40-PAGE REPORT ON THE AGENCY'S ROLE AND A 35-PAGE CHRONOLOGY THAT HAVE BEEN PROVEN TO BE ESSENTIALLY ACCURATE AFTER MANY MORE MONTHS OF ADDITIONAL TESTIMONY.

NONETHELESS, IN LIGHT OF THE APPARENT SHORTCOMINGS OF THE OFFICE OF INSPECTOR GENERAL IDENTIFIED BY THE IRAN-CONTRA COMMITTEES AND MY SPECIAL COUNSEL, I CONVENED A STEERING GROUP LAST NOVEMBER COMPOSED OF SENIOR AGENCY MANAGERS TO RECOMMEND SPECIFIC WAYS IN WHICH THE OFFICE COULD BE IMPROVED. ITS FINDINGS MIRRORED TO A LARGE DEGREE THOSE OF THE IRAN-CONTRA COMMITTEES AND THE SPECIAL COUNSEL. THAT IS, THAT THE OFFICE'S MANPOWER AND THE QUALIFICATIONS OF ITS PERSONNEL SHOULD BE STRENGTHENED AND ITS INVESTIGATIVE STAFF MORE RIGOROUSLY TRAINED TO ENABLE IT TO IDENTIFY AREAS OF POTENTIAL IMPROPRIETY OR VIOLATIONS OF STATUTES AND REGULATIONS BETTER AND TO IDENTIFY CLEARLY AND DEAL PROPERLY WITH ACTUAL VIOLATIONS OF LAW.

THE STEERING GROUP ALSO DETERMINED THAT THERE WAS ROOM FOR IMPROVEMENT IN THE ROLE OF THE INSPECTOR GENERAL HIMSELF; SPECIFICALLY, THAT THE AUTHORITY, STATUS AND IMAGE OF THE POSITION SHOULD BE ENLARGED. PERHAPS MORE IMPORTANT, THE INSPECTOR GENERAL'S RELATIONSHIP WITH ME SHOULD BE ENHANCED.

I HAVE ALREADY IMPLEMENTED MEASURES THAT I BELIEVE WILL GO A LONG WAY TOWARD ALLEVIATING THE PROBLEMS I HAVE NOTED. SO FAR I HAVE:

-- TAKEN STEPS TO ENSURE THAT THE INSPECTOR GENERAL IS RECOGNIZED AS BEING EQUIVALENT IN RANK AND POSITION TO A DEPUTY DIRECTOR, SUBORDINATE ONLY TO ME AND THE DDCI, AND HAVE ENSURED THAT BOTH HIS INSPECTION AND INVESTIGATION REPORTS ARE SENT DIRECTLY TO ME AND TO THE DDCI;

-- TAKEN STEPS TO INCREASE THE STAFF OF THE OFFICE;

-- EXPANDED THE INSPECTOR GENERAL'S ROLE TO INCLUDE BECOMING DIRECTLY INVOLVED IN IMPROVING OVERALL AGENCY MANAGEMENT, ENSURING ACCOUNTABILITY AND DISCIPLINE AND ENCOURAGING THE RAISING OF STANDARDS AND QUALITY OF PERFORMANCE WITHIN THE AGENCY, IN ADDITION TO CONDUCTING HIS NORMAL INVESTIGATION, INSPECTION AND AUDIT ACTIVITIES;
AND

-- APPOINTED WILLIAM DONNELLY TO HEAD THIS ENHANCED OFFICE OF INSPECTOR GENERAL. MR. DONNELLY IS A WIDELY-RESPECTED AGENCY OFFICER WHO, IN 33 YEARS WITH THE AGENCY, HAS COMPILED AN EXTENSIVE OPERATIONAL, MANAGEMENT AND ADMINISTRATIVE BACKGROUND THAT GIVES HIM A UNIQUE PERSONAL INSIGHT INTO A WIDE RANGE OF AGENCY ACTIVITIES.

UNDER MY TENURE THE PROCESS OF DEFINING THE DUTIES AND RESPONSIBILITIES OF THE INSPECTOR GENERAL WILL BE A CONTINUING AND EVOLUTIONARY PROCESS. SOME OTHER STEPS CURRENTLY UNDER DEVELOPMENT, BUT NOT YET FULLY STAFFED, INCLUDE:

- STRENGTHENING AGENCY REGULATIONS PERTAINING TO THE INSPECTOR GENERAL'S RESPONSIBILITIES;
- REORGANIZING THE OFFICE TO INCLUDE THE EXPANSION OF THE INVESTIGATION STAFF;
- DEVELOPING TRAINING AND INVESTIGATIVE PROCEDURES; AND
- IDENTIFYING THOSE ACTIVITIES WHICH THE INSPECTOR GENERAL NEEDS TO REVIEW FROM TIME TO TIME.

I AM CONCERNED THAT ENACTMENT OF A STATUTORY INSPECTOR GENERAL WILL ACTUALLY PROVE TO BE COUNTERPRODUCTIVE TO AN EFFECTIVE INSPECTION AND INVESTIGATION PROCESS AT THE CIA. FIRST, THE USE OF THE SUBPOENA POWER COULD BE COUNTERPRODUCTIVE TO OBTAINING ALL THE FACTS. ADMINISTRATIVE ACTIONS ARE NOT CRIMINAL PROCEEDINGS. VOLUNTARY COOPERATION IS ESSENTIAL IN LEARNING THE FACTS AS SOON AS POSSIBLE AND IMPLEMENTING ANY NECESSARY CORRECTIVE ACTIONS AS SMOOTHLY AS POSSIBLE. AT BEST, INJECTING THE SUBPOENA POWER INTO THE INVESTIGATION PROCESS WILL MERELY SERVE TO COMPLICATE IT.

I SHOULD ALSO NOTE THAT HISTORICALLY, THE FACT THAT THE AGENCY HAS HAD NO SUBPOENA POWER IS NO ACCIDENT. AS A RESULT OF A CAREFULLY CONSIDERED DECISION OF THE CONGRESS IN 1947, THE AGENCY WAS SPECIFICALLY NOT VESTED WITH ANY SUBPOENA OR LAW ENFORCEMENT POWERS. IT WAS CONCLUDED THEN, AND I RESPECTFULLY SUBMIT THAT IT IS TRUE NOW, THAT THE CIA SHOULD NOT HAVE ANY LAW ENFORCEMENT POWERS OR FUNCTIONS APART FROM THOSE OF OUR SECURITY PROTECTIVE OFFICERS WHO GUARD AGENCY FACILITIES.

SECOND, THE SUBPOENA POWER IN MANY CASES COULD NOT REASONABLY BE USED IN THE CIRCUMSTANCES IN WHICH THE AGENCY OPERATES. REALISTICALLY, THE AGENCY CANNOT GO INTO COURT -- RISKING DISCLOSURE OF SOURCES AND METHODS -- TO SEEK A COURT ORDER TO HAVE A CONTRACTOR WITH WHICH IT HAS A COVERT RELATIONSHIP TURN OVER DOCUMENTS. CURRENTLY THE DEPARTMENT OF JUSTICE AND THE FBI SEEK SUBPOENAS ON THE AGENCY'S BEHALF. THIS SYSTEM WORKS WELL. WE HAVE FOUND, HOWEVER, THAT THERE IS MORE THAN SUFFICIENT LEVERAGE IN THE CONTRACTUAL RELATIONSHIP ITSELF. THE BOTTOM LINE IS THAT AGENCY INVESTIGATIONS ARE NOT ENCUMBERED BY THE LACK OF SUBPOENA POWER.

THIRD, THE PROPOSED LEGISLATION WOULD RAISE SOME AMBIGUITY ABOUT THE STATUTORY AUTHORITY OF THE DCI TO PROTECT INTELLIGENCE SOURCES AND METHODS AND THE AUTHORITY OF THE INSPECTOR GENERAL TO MAKE INDEPENDENT DECISIONS TO RELEASE SUCH INFORMATION. BECAUSE THE STATUTORY IG WOULD HAVE A SIGNIFICANT AMOUNT OF INDEPENDENCE FROM THE DCI, OUR INTELLIGENCE SOURCES AND FOREIGN LIAISON SERVICES MAY BE RELUCTANT TO PART WITH INFORMATION THAT WILL BE AVAILABLE TO AN OFFICE "INDEPENDENT OF" THE DCI. THEY ARE LIKELY TO BELIEVE, RIGHTLY OR WRONGLY, THAT THE AGENCY WILL NOT BE ABLE TO PROTECT THEIR INFORMATION. WE HAVE A SPECIAL CONCERN THAT OUR FOREIGN INTELLIGENCE SOURCES MAY FEEL THAT THE AGENCY WILL NOT BE ABLE TO PROTECT THEIR IDENTITIES AND THAT THE PERSONAL RISK IS TOO GREAT TO COOPERATE WITH THE AGENCY.

FOURTH, I WOULD SUBMIT THAT IT IS SIMPLY UNREALISTIC TO EXPECT THAT ESTABLISHING A STATUTORY INSPECTOR GENERAL WILL BY ITSELF RESOLVE ANY PERCEIVED FLAWS AND DEFICIENCIES IN THAT OFFICE. IN THIS REGARD, IT IS NOTEWORTHY THAT IN 1976 THE CHURCH COMMITTEE CONCLUDED THAT THE AGENCY NEEDED TO CONTINUE TO EXPAND AND STRENGTHEN ITS INSPECTOR GENERAL STAFF, BUT IT ALSO POINTEDLY REFRAINED FROM RECOMMENDING THAT THE INSPECTOR GENERAL BE ESTABLISHED BY STATUTE. THE CHURCH COMMITTEE RECOGNIZED, AND I BELIEVE IT REMAINS TRUE TODAY, THAT THE BEST WAY TO IMPROVE THE PERFORMANCE OF THE OFFICE OF INSPECTOR GENERAL IS TO GET HIGHLY QUALIFIED AND TRAINED PEOPLE TO SERVE IN THE OFFICE AND TO MAKE IT CLEAR TO ALL EMPLOYEES THAT THEY ARE EXPECTED TO COOPERATE FULLY WITH THE INSPECTOR GENERAL OR RISK SEVERE CONSEQUENCES. I AM CONVINCED THAT WE ARE NOW ON THE RIGHT TRACK IN THESE AREAS.

FINALLY, APART FROM SENATOR SPECTER'S PROPOSED LEGISLATION, I NOTE THAT THIS COMMITTEE HAS NOW FORMED ITS OWN AUDIT GROUP. THE AGENCY IS OF COURSE FULLY SUPPORTIVE OF THIS EFFORT AND IS COOPERATING WITH THE COMMITTEE'S AUDITORS.

THE CHANGES IN THE DUTIES AND PERCEPTIONS OF THE AGENCY'S INSPECTOR GENERAL AND HIS STAFF THAT I HAVE DESCRIBED ARE SIGNIFICANT ONES. WE ARE WELL DOWN THE ROAD TOWARD BUILDING AN EFFECTIVE MEANS OF ENSURING COMPLIANCE WITH LAWS, REGULATIONS, EXECUTIVE ORDERS AND PRESIDENTIAL DIRECTIVES. I ASK THAT WE BE GIVEN THE OPPORTUNITY TO DEMONSTRATE THE EFFECTIVENESS OF THESE CHANGES, RATHER THAN BE FORCED TO LIVE WITH A SYSTEM THAT FAILS TO ACCOMMODATE THE AGENCY'S UNIQUE CONCERNS. FOR CIA, THIS IS THE BETTER COURSE TO TAKE. I AM CONVINCED THAT NEITHER I, NOR THE CONGRESS, WILL BE DISAPPOINTED.

THIS CONCLUDES MY STATEMENT. I AM PREPARED TO ANSWER ANY QUESTIONS YOU MAY HAVE.